

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION**

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TEXAS-5437291

Defendants.

CIVIL ACTION NO. 501CV299

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS**

JURY TRIAL DEMANDED

1. This is a securities fraud class action on behalf of purchasers of the publicly traded securities of Enron Corp. ("Enron" or the "Company") between January 18, 1999 and November 8, 2001, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act"). On November 8, 2001, Enron announced that it would restate its 1997, 1998, 1999, 2000 and First and Second Quarter 2001 results (*i.e.* admit that they were materially false) because of various income statement and balance sheet adjustments required as the result of Enron's determination that three unconsolidated entities should have been consolidated in the financial statements pursuant to generally accepted accounting principles which caused Enron's 1997-2Q 2001 income and assets to be materially overstated.

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the Securities and Exchange Commission ("SEC") [17 C.F.R. § 240.10b-5].

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337 and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

4. Venue is proper in this District pursuant to Section 27 of the Exchange Act, and 28 U.S.C. § 1391(b). Enron maintains its principal place of business in this State, does business with this District and many of the acts and practices complained of herein occurred in substantial part in this District.

5. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

6. Plaintiff David R. Wortham, as set forth in the accompanying certification, incorporated by reference herein, purchased the common stock of Enron at artificially inflated prices during the Class Period and has been damaged thereby.

7. Defendant Enron is an Oregon corporation with its principal place of business at 1400 Smith Street, Houston, Texas. Enron conducts electricity, natural gas and communications businesses.

8. Defendant Kenneth L. Lay ("Lay") served at all time relevant hereto as a director of the Company and Chairman of the Board of Directors. Lay also served as the Chief Executive Officer until February 2001.

9. Defendant Jeffrey K. Skilling served at all times relevant hereto as a director of the Company. Skilling also served as the Company's President and Chief Executive Officer until his resignation from those posts in August 2001.

10. Defendant Andrew S. Fastow served at all relevant times hereto as the Chief Financial Officer of the Company.

11. The defendants referenced above in ¶¶ 8-10 are referred to herein as the "Individual Defendants."

12. Because of the Individual Defendants' positions with the Company, they had access to the adverse undisclosed information about its business, operations, products, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company's operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

13. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of Enron, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, products, growth, financial statements, and

financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

14. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was traded on the New York Stock Exchange (the "NYSE"), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

15. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with Enron, each of the Individual Defendants had access to the adverse undisclosed information about Enron's business prospects and financial condition and performance as particularized herein and knew (or

recklessly disregarded) that these adverse facts rendered the positive representations made by or about Enron and its business issued or adopted by the Company materially false and misleading.

16. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

17. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Enron common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: deceived the investing public regarding Enron's business, its finances and the intrinsic value of Enron's common stock; and (ii) caused Plaintiff and other members of the Class to purchase Enron's common stock at artificially inflated prices.

PLAINTIFFS' CLASS ACTION ALLEGATIONS

18. Plaintiff bring this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the securities of Enron between January 18, 1999 and November 8, 2001, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

19. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Enron common shares were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Enron or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

20. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

21. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

22. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Enron; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

23. A class action is Superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

Background Facts

24. Enron conducts electricity, natural gas and communications businesses. The Company produces electricity and natural gas, develops, constructs and operates energy facilities worldwide and delivers both physical commodities and financial and risk management services to customers.

25. Throughout 1999 and 2000, the price of Enron common stock substantially increased -- rising from \$32.50 per share on January 18, 1999 to \$83.125 per share on December 29, 2000. A substantial basis for this huge gain was the company's reports of ever increasing revenues and profits. These statements were all false and misleading.

**Materially False And Misleading
Statements Issued During The Class Period**

26. The Class Period begins on January 19, 1999. On that date, Enron issued a press release announcing its financial results for the fiscal year 1998. The Company reported that for fiscal 1998 it earned \$698 million, an increase of 36% from the previous year. Earnings Per Share ("EPS") increased 16% to \$2.01. Defendant Lay commented on the results, stating in pertinent part "Across Enron, 1998 was an excellent year. . . . The operating success across Enron was reflected in an almost 40 percent shareholder return during the year, significantly above the very strong returns of the broader U.S. equity market." On March 30, 1999, Enron filed its 10-K with the SEC for the fiscal year ending December 31, 1998. In it, Enron reported it had total revenues of \$31.2 billion, total assets of \$29.3 billion and shareholder's equity of \$7.04 billion.

27. On January 18, 2000, Enron issued a press release announcing its financial results for the fiscal year 1999. Defendant Lay stated "Our strong results in both the fourth quarter and the full year 1999 reflect excellent performance in all of our operating businesses." On March 30, 2000, Enron filed its 10-K with the SEC for the fiscal year ending December 31, 1999. For the year Enron reported Net Income of \$893 million or \$1.10 per share, total revenues of \$40.1 billion, total assets of \$33.3 billion and shareholder equity of \$9.57 billion.

28. On January 22, 2001, Enron issued a press release announcing its financial results for the fiscal year 2000. Defendant Lay stated “Our strong results reflect breakout performances in all of our operations . . . Our shareholders had another excellent year in 2000, as Enron’s stock returned 89 percent, significantly in excess of any major investment index.” On April 2, 2001, Enron filed its 10-K with the SEC for the fiscal year ending December 31, 2000. For the year Enron reported net income of \$1.266 billion or \$1.12 per share, total revenues of \$100.7 billion, total assets of \$65.5 billion and shareholder equity of \$11.47 billion.

29. On April 17, 2001, Enron issued a press release announcing its financial results for the first quarter of 2001, the period ending March 31, 2001. Defendant Skilling commented on the results stating “Enron's wholesale business continues to generate outstanding results. Transaction and volume growth are translating into increased profitability . . . In addition, our retail energy services and broadband intermediation activities are rapidly accelerating.” On May 15, 2001, Enron filed its 10-Q with the SEC for the fiscal first quarter ending March 31, 2001. For the quarter, Enron reported Net Income of \$425 million or \$0.68, total revenues of \$50.1 billion, total assets of \$67.2 billion and shareholder equity of \$11.72 billion.

30. On July 12, 2001, Enron issued a press release announcing its financial results for the second quarter of 2001, the period ending June 30, 2001. Defendant Skilling stated “Enron completed another quarter of exceptional performance.” On August 14, 2001, Enron filed its 10-Q with the SEC for the fiscal second quarter ending June 30, 2001. For the quarter, Enron reported Net Income of \$404 million or \$0.45, total revenues of \$50.6 billion, total assets of \$63.3 billion and shareholder equity of \$11.74 billion.

The Truth Emerges

31. These statements were false and misleading. As Enron admitted on November 8, 2001, the Company had failed to follow Generally Accepted Accounting Practices in the preparation of its financial statements for 1997, 1998, 1999, 2000 and the first two quarters of 2001. On that day, Enron issued a press release to disclose that it would restate – *i.e. admit as false* – the yearly and quarterly financial results it had posted for 1997 through June 30, 2001. In the release, Enron stated:

Enron Corp. is providing information to investors concerning several important matters: A required restatement of prior period financial statements to reflect (1) recording the previously announced \$1.2 billion reduction to shareholders' equity reported by Enron in the third quarter of 2001; and (2) various income statement and balance sheet adjustments required as the result of a determination by Enron and its auditors . . . that three unconsolidated entities should have been consolidated in the financial statements pursuant to generally accepted accounting principles.

Enron intends to restate its financial statements for the years ended December 31, 1997 through 2000 and the quarters ended March 31 and June 30, 2001. As a result, the previously-issued financial statements for these periods and the audit reports covering the year-end financial statements for 1997 to 2000 should not be relied upon.

32. The effect of the restatement was dramatic. Rather than earning \$698 million and \$1.01 per share in 1998, Enron's restated earnings fell to \$585 million and \$0.86 per share. Net income was lowered \$186 million in 1999 with EPS dropped from \$1.10 to \$0.79. Net income was lowered \$132 million in 2000 and EPS correspondingly fell from \$1.12 to \$0.97. The restatement increased Enron's debt by \$561 million in 1998, \$685 million in 1999 and \$629 million in 2000. Shareholder's equity was reduced by \$448 million for 1998, \$834 million for 1999, \$1.16 billion for 2000, \$1.226 billion for first quarter 2001 and \$929 million for second quarter 2001.

33. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Enron, their control over, and/or receipt and/or modification of Enron's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Enron, participated in the fraudulent scheme alleged herein.

34. Defendants' scienter is further evidenced by the insider selling of certain of the Individual Defendants and other Enron Insiders. This trading was unusual and suspicious given its timing and amount as follows:

Defendant Lay: sold 84,714 shares from Jan. 2 to Jan. 31 for \$68.28 to \$82 each, or more than \$5.78 million; sold 80,680 shares from Dec. 1 to Dec. 29 for \$67.19 to \$84.06 each, or more than \$5.42 million. The sales total \$11.2 million.

Defendant Skilling: sold 50,000 shares from Jan. 3 to Jan. 31 for \$68.94 to \$80.28 each, or more than \$3.45 million; sold 20,000 shares from Dec. 20 to Dec. 27 for \$79.03 to \$83 each, or more than \$1.58 million, and 20,000 shares from Dec. 6 to Dec. 13 for \$68.91 to \$77.06, or \$1.38 million. The sales total \$6.41 million.

Mark Frevert, Enron Wholesale Services chairman and chief executive: sold 180,000 shares from Dec. 18 to Dec. 20 for \$79 to \$79.98 each, or more than \$14.2 million. The sale brought his holdings to 223,771 shares.

Cliff Baxter, Enron vice chairman and chief strategy officer, who sold 174,215 shares from Jan. 2 to Jan. 31 for \$69.44 to \$81.31 each, or more than \$12.10 million. The sale brought his holdings to 7,877 shares.

Ken Rice, chairman and chief executive of Enron Broadband Services Inc.: sold 32,000 shares from Jan. 3 to Jan. 31 for \$68.19 to \$82 each, or more than \$12.10

million; sold 100,000 shares on Dec. 13 for \$76.69 each, or \$7.67 million. The sales total \$9.185 million and brought Rice's holdings to 113,127 shares.

Steve Kean, Enron executive vice president and chief of staff: sold 77,822 shares on Jan. 31 for \$79.84 to \$80 each, or more than \$6.21 million. The sale brought his holdings to 26,363 shares.

Stanley Horton, chairman and chief executive of Enron Gas Pipeline Group and EOTT Energy Partners-LP: sold 25,000 shares Jan. 29 for \$80.51 each, or \$2.01 million, and 25,000 shares Dec. 27 for \$80.96 each, or \$2.02 million. The sales total \$4.04 million and brought his holdings to 144,217 shares.

Richard Buy, Enron executive vice president and chief risk officer: sold 47,724 shares from Jan. 2 to Jan. 26 for \$81.90 to \$82 each, or \$3.91 million. The sale brought his holdings to 9,257 shares.

In total, the insider selling by defendants Skilling and Lay and the other Enron insiders totals more than \$73 million.

35. The market for Enron's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Enron's common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Enron securities relying upon the integrity of the market price of Enron's securities and market information relating to Enron, and have been damaged thereby.

36. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Enron's common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

37. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Enron's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Enron and its business, prospects and operations, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

**Applicability Of Presumption Of Reliance:
Fraud-On-The-Market Doctrine**

38. At all relevant times, the market for Enron's securities was an efficient market for the following reasons, among others:

1. Enron's stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
2. As a regulated issuer, Enron filed periodic public reports with the SEC and the NYSE;
3. Enron regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

4. Enron was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

39. As a result of the foregoing, the market for Enron's securities promptly digested current information regarding Enron from all publicly available sources and reflected such information in Enron's stock price. Under these circumstances, all purchasers of Enron's securities during the Class Period suffered similar injury through their purchase of Enron's securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

40. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Enron who knew that those statements were false when made.

FIRST CLAIM

Violation Of Section 10(b) Of The Exchange Act And Rule 10b-5 Promulgated Thereunder Against All Defendants

41. Plaintiff repeat and reallege each and every allegation contained above as if fully set forth herein.

42. During the Class Period, defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Enron securities; and (iii) cause Plaintiff and other members of the Class to purchase Enron securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

43. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Enron common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued as primary participants in the wrongful and illegal conduct charged herein. Lay, Skilling and Fastow are also sued as a controlling persons of Enron, as alleged below.

44. In addition to the duties of full disclosure imposed on defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, Lay, Skilling and Fastow had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. § 210.01

et seq.) and S-K (17 C.F.R. § 229.10 et seq.) and other SEC regulations, including accurate and truthful information with respect to the Company's operations and performance so that the market prices of the Company's publicly traded securities would be based on truthful, complete and accurate information.

45. Defendants, individually and in concert, directly and indirectly, by the use of means of instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, finances, financial condition, performance, operations, value and future prospects of Enron as specified herein. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Enron's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Enron and its business, finances, operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Enron securities during the Class Period.

46. Lay, Skilling and Fastow's primary liability, and controlling person liability, arises from the following facts: (i) they were high-level executives and/or director of the Company during the Class Period and was a member of the Company's senior management; (ii) they were, by virtue of their responsibilities and activities as senior executive officers and/or director of the Company, privy to and participated in the preparation of the Company's financial statements and reporting of the Company's financial condition, operations and performance; (iii) Lay, Skilling and Fastow

enjoyed significant personal contact and familiarity with all other key company officers and were advised of and had access to other members of the Company's management team, internal reports, and other data and information about the Company's financial condition and performance at all relevant times; and (iv) they were aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

47. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Enron's operating condition, finances, value and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' misstatements of the Company's business and finances throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

48. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market prices of Enron securities were artificially inflated at all relevant times. In ignorance of the fact that the market price of Enron securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trade, and the truth of any representations made to appropriate agencies as to the investing public, at the times at which any statements were made, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by

defendants during the Class Period, Plaintiff and the other members of the Class acquired Enron securities during the Class Period at artificially high prices and were damaged thereby.

49. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known of the true financial condition, finances and business prospects of Enron, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Enron common stock during the Class Period, or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

50. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

51. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

SECOND CLAIM

Violation Of Section 20(a) Of The Exchange Act Against Individual Defendants

52. Plaintiff repeat and reallege each and every allegation contained above as if fully set forth herein.

53. The Individual Defendants acted as controlling persons of Enron within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with

the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiffs contend are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiffs to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

54. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

55. As set forth above, Enron and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

WHEREFORE, Plaintiff pray for relief and judgment, as follows:

1. Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiffs' counsel as Lead Counsel;

2. Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

3. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

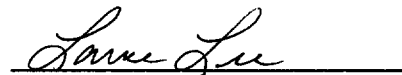
4. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury.

Dated: November 9, 2001

RESPECTFULLY SUBMITTED



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**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

David R. Wortham ("Plaintiff"), declares as to the claims asserted, or to be asserted, under the federal securities laws, that:

1. Plaintiff has reviewed the ENE complaint prepared by Cauley Geller Bowman & Coates, LLP, whom I designate as my counsel in this action for all purposes.
2. Plaintiff did not purchase any common stock/securities that are the subject of this action at the direction of Plaintiff's counsel or in order to participate any private action under the federal securities laws.
3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary. I understand that this is not a claim form, and that my ability to share in any recovery as a member of the class is not dependent upon execution of this Plaintiff Certification.
4. The following includes all of Plaintiff's transactions during the Class Period specified in the complaint for the common stock/securities that are the subject of this action:

<u>SECURITY</u> (Common Stock, Call, Put, Bonds)	<u>TRANSACTION</u> (Purchase, Sale)	<u>QUANTITY</u>	<u>TRADE</u> <u>DATE</u>	<u>PRICE PER</u> <u>SHARE/SECURITY</u>
ENE	Purchase	1000	10/08/01	33.49
ENE	SALE	1000	10/22/01	24 ⁷⁵

Please list additional transactions on a separate sheet if necessary.

5. Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws within the past three years, unless otherwise stated in the space below:
6. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 25 day of October, 2001.


SIGNATURE